COMMANDERS DIGEST

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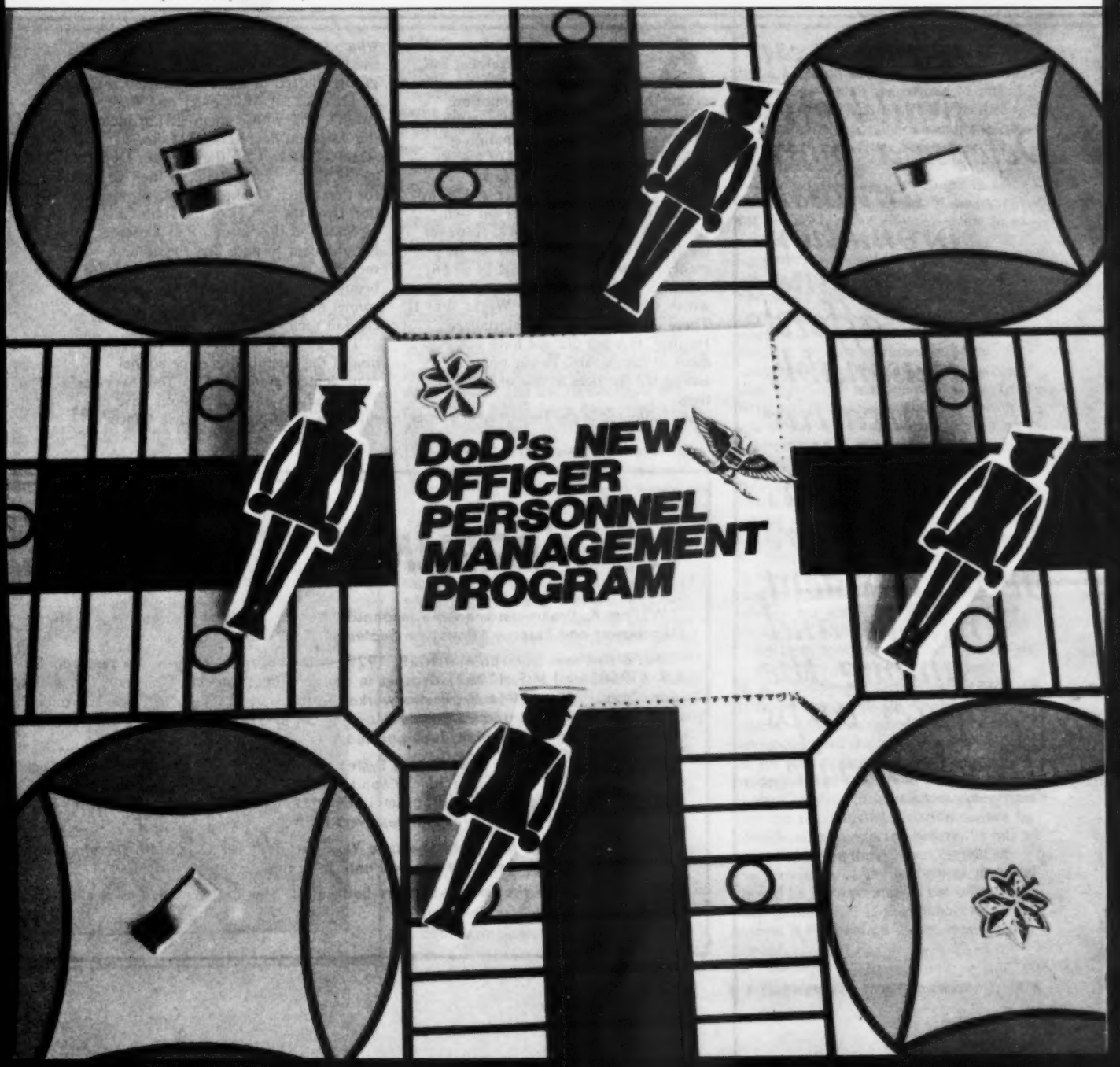


By
William K. Brehm
Assistant Secretary of Defense
(Manpower and Reserve Affairs)

DoD's new proposal will result in...

A Modern Officer

"This bill would give Defense a more uniform promotion system and afford reasonably attractive career opportunities which are more consistent within and among the officer corps of each Service."

As you are aware, this Defense Officer Personnel Management Bill, which would revise the laws governing the appointment, promotion, separation and retirement of commissioned officers, is the culmination of several efforts over a period of many years to accomplish such a task.

The Officer Personnel Act which provides our basic laws has served well since it was enacted in 1947. However, the framers of that act designed its permanent provisions to operate in an environment of lower stable force levels, which they expected after World War II. These conditions never materialized. Further, that act did not have achievement of comparable career opportunity among the Services as one of its objectives.

As indicated in the Department's letter which forwarded the bill, it is based on the findings and conclusions of a study group chaired by the Assistant Secretary of Defense for Manpower and Reserve Affairs, and whose membership included the Assistant Secretaries (Manpower and Reserve Affairs) for the Military Departments, the Services' Deputy Chiefs of Staff for Personnel, and appropriate representation from the offices of the Joint Chiefs of Staff and the Secretary of Defense. It is significant to note that the civilian membership of this distinguished group brought with them many years of personnel management experience in the civilian sector.

This group made an extensive evaluation of the existing officer personnel management systems of the four Services. Their findings and conclusions have resulted in a proposed Defense Officer

W.K. BREHM

William K. Brehm assumed the responsibilities of Assistant Secretary of Defense (Manpower and Reserve Affairs) on September 1,1973.

Mr. Brehm was born on March 29, 1929, in Dearborn, Michigan. He received his B.S. (1950) and M.S. (1952) degrees in mathematics from the University of Michigan. From 1952 to 1964 Mr. Brehm worked in the aerospace industry on advanced systems development and corporate planning with General Dynamics Corporation and North American Aviation, Incorporated.

From 1964 to 1968 he was with the Systems Analysis office in the Office of the Secretary of Defense, first as Director for Land Forces Programs and later as Deputy Assistant Secretary (Land Forces Programs). From 1968 to 1970 he was Assistant Secretary of the Army (Manpower and Reserve Affairs).

In December 1970 Mr. Brehm became Vice President for Corporate Development of Dart Industries. He held this position until returning to the Pentagon.

He is married to the former Delores Soderquist. The Brehms have two children, Eric and Lisa.

Management System

Personnel Management System which has been approved by the Secretary of Defense. This bill would provide the statutory authority needed to implement the approved system.

I am convinced that this legislation is necessary. Its enactment will eventually result in more efficient management of the officer corps in the Department of Defense. In our opinion the management system now in law is not responsive to the demands of today. It prevents the Services from efficiently reducing and realigning their officer structures during periods of force reduction. Congress has repeatedly pointed out this deficiency. Further, this bill addresses another critical deficiency of our current law and that is the lack of reasonably consistent career opportunity among the Services. That is to say, to ensure that young officers graduating from a service academy, Reserve Officer Training Corps (ROTC) or other commissioning sources, who want to make the Service a career, can anticipate a comparable career in any of the Services in terms of their opportunity for advancement. Today that assurance does not exist. This bill would give Defense a more uniform promotion system and afford reasonably attractive career opportunities which are more consistent within and among the officer corps of each Service. While it would make fundamental changes in the Services' officer management systems, it is not a completely new or revolutionary proposal. The bill retains those portions of existing law which are compatible with the proposed system and adopts concepts and procedures which have been used and have proven their worth.

We consider the new grade limitations in the bill to be just that—upper limits within which the Departments would operate. Basically, we want to have a grade distribution no richer than that required to meet the combined needs of readiness and personnel management. We view the grade limits as representing sort of a mutual commitment between the Department of Defense and the Congress —the Congress agreeing to allow use of the full limitations as conditions require.

The bill does not substantively change the laws relating to flag and general officers. We feel that this is a separate group with distinct and different management considerations from the other grades up through colonel. For example, in contrast to the lower grades, considerations of career opportunity are not a prime consideration in determining the numbers of flag and general officers we should have. This determination is based directly on the requirements for officers in these grades and we feel that we have adequate management control in this area.

There are three separate items of Defense personnel legislation introduced in Congress which are related to this bill.

H. R. 14402 is a bill to extend the Air Force's temporary officer grade limitation authority from September 30, 1974, to September 30, 1976. If the grade limitations recommended in the Defense Officer Personnel Management Bill should become effective prior to expiration of the temporary authority in September, we would not need this separate legislation. However, because of the urgency of this matter to the officer corps of the Air Force, I strongly urge separate consideration of H. R. 14402 should it become apparent that the Congress will require more time to consider the officer management bill than is permitted by the September expiration date of the Air Force temporary authority.

Another item, H. R. 11113, is our proposal that would authorize the involuntary retirement of certain senior regular officers. These same provisions are included in the officer management bill, but here again there is a time element involved. We need this authority as soon as possible so that we will be able to achieve our grade structure objectives for the end of fiscal year 1975.

An item having particular significance to the officer management bill itself is H. R. 12505—the Department's proposal to revise the nondisability retirement system. The management system was developed, and the bill has been written, on the assumption that the retirement modernization bill would be enacted first. If the Congress in its wisdom determines that the retirement legislation cannot be considered and enacted before the bill we are considering today, then certain of the provisions of the retirement proposal should be incorporated in the officer management bill if the management system is to function in the manner intended.

new DoD plan offers major change to existing officer corps laws

By Lt. Gen. Leo E. Benade, USA, Deputy Assistant Secretary of Defense for Military Personnel Policy

The purpose of H.R. 12405 is to revise the laws which govern the management of commissioned officers serving on active duty in the Army, Navy, Air Force and Marine Corps below the grade of brigadier general or rear admiral in order to:

- Establish new statutory limitations on the numbers of officers who may serve in certain grades;
- Provide common law for the appointment of Regular officers and for the active duty service of Reserve officers;
- Provide uniform law for their promotion; and
- Establish common provisions of law governing tenure and mandatory separation or retirement, for reasons other than physical disability.

This proposal represents a major change to the existing officer personnel laws, which stem primarily from the Officer Personnel Act of 1947 and the Officer Grade Limitation Act of 1954. Although these were single acts, they provided separate provisions for officers of each Military Department and produce many differences between the Services in the management of the officer corps. These differences have resulted from the respective historic origins of the statutes and generally do not reflect differences in actual management needs today. This proposal would provide common statutes to eliminate unwarranted differences. For example, the bill would repeal over 160 separate sections of title 10 and replace them with some 47 sections common to all Departments.

This bill may at first appear to be complex. Some complexity is necessary because we have tried to deal comprehensively with a complex subject. However, there are many technical changes to existing law, many involving only definition changes, which add to the bill's length and make it appear to be more complex than it actually is. The bill consists of 156 pages. The first 67 pages contain the major features and new substantive provisions, setting forth grade distribution, and regulations for appointment, promotion, separation and retirement. The remaining 89 pages provide technical adjustments necessary to reconcile existing law with the new provisions and also contain the transition provisions.

I would like to present the Department of Defense's perspective of the general concepts involved in officer management, and on which we have predicated this proposal, followed by a brief resume of the major features and effects of the bill.

The objectives of the officer management system can be briefly stated as follows:

—First, to allow the Services to meet requirements for officers in the various grades at ages conducive to effective performance.

—Second, to provide career opportunity that will attract and retain the number of high caliber officers needed.

—Third, to provide career opportunity which is reasonably consistent among the four Services.

These objectives represent a balance between two different, and in some respects opposite, perspectives—those of management on one hand and those of the individual on the other.

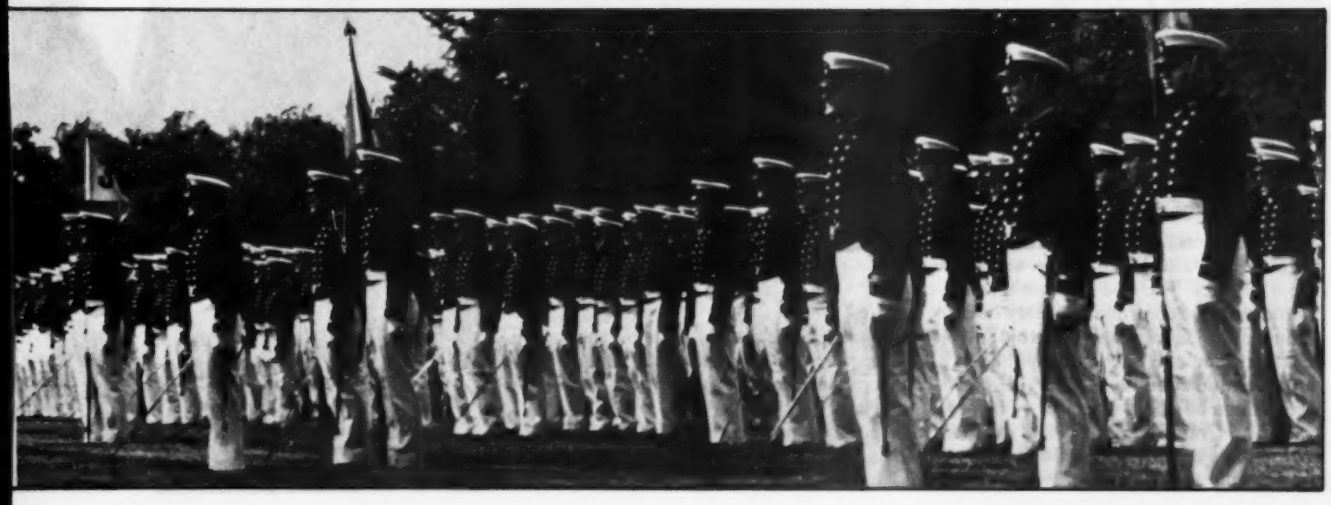
For example, management in making the determination of how many officers there should be in each of the grades must take into account those factors which influence an individual's decisions. That is, the numbers that are required in each grade cannot be attained with the kind of officers required unless career opportunity is such that a sufficient number of individuals will want to join and remain with the Services so that management can exercise a degree of selectivity over those who are to stay.

This matter of career opportunity is particularly important because of two characteristics which we consider to be fundamental to personnel management in the military:

- First, there is limited lateral entry into the officer ranks since the Services cannot directly hire senior officers from nonmilitary organizations; all but a few specialist positions must be filled by officers who are steadily progressing from within.
- Second, there is a persistent need, both in wartime and peacetime, for a young and vigorous officer corps exemplifying high levels of mental and physical stamina, enthusiasm and adaptability.

These two characteristics, in combination, serve to minimize the flexibility normally associated with manpower management. They make it essential that a carefully planned, long range approach be taken to all decisions affecting officer career management. To insure a viable

The Defense Officer Personnel Management Bill will ensure that young officers graduating from a service academy, Reserve Officer Training Corps (ROTC), or other commissioning sources, who want to make the Service a career, can anticipate a comparable career in any of the Services in terms of their opportunity for advancement.



officer force that will meet the readiness requirements of Defense, a careful balance must be maintained between a number of interacting variables which constitute the basic elements of the management system. These variables are concerned with:

—The number of new officers who are taken into the system each year to maintain a force of a given size. We refer to this as **annual procurement.**

—The number of officers who leave the system by voluntary separation, voluntary retirement, disability, or death. This variable is termed **normal attrition.**

—The number of officers who leave the system by involuntary separation or involuntary retirement. This is referred to as **forced attrition.**

—Promotion timing; the normal year of commissioned service during which the greatest number of officers are promoted to each grade, commonly called **promotion point.**

—The cumulative opportunity for advancement for those who have competed for promotion to the next higher grade. This is referred to as **promotion opportunity.**

—The number of officers in each of the various grades, which is the **grade distribution.**

We have to recognize that a change in any of these variables precipitates a change in one or more of the others. For example, annual procurement is based on an estimate of the numbers required to sustain the force over time. It is a direct function of losses occurring from both normal and forced attrition. Therefore, if normal attrition should accelerate, it would be necessary to increase annual procurement or reduce the forced attrition or effect a combination of both to compensate for the increased losses.

We can control forced attrition through promotion, separation and retirement policies. The rate of normal attrition cannot be controlled directly but is influenced by a number of factors including economic conditions, public attitudes and conditions of service; however, it can be affected indirectly through various retention incentives and compensation tools and by the kind of career opportunity that is offered.

The career opportunity that can be offered is determined for the most part by the promotion points and promotion opportunity to each of the grades. The promotion point and opportunity in turn are determined by the numbers of officers that can be promoted to each grade over a specified period of time, which further depends on the grade distribution that is authorized. Assuming that grade distribution is held constant, as is done through statutory grade limitations, a decrease in attrition (either normal or forced) will retard promotion point or reduce opportunity or both. Similarly, a reduction in grade distribution without any changes in attrition will also retard promotion point and promotion opportunity.

Historically there have been several attempts to shape the variable elements of the officer personnel system.

From the early days of the Nation up to the present century, promotion timing and opportunity were largely a product of normal attrition due to death or disability retirement. The resulting promotion by seniority produced many officers far too old for effective performance.

Minor application of forced attrition started early in this century with mandatory retirement for age. In 1916, the Navy authorized a system of officer promotion by board action which for the first time initiated forced attrition through "up or out" procedures. In the 1930s, voluntary retirement with as little as 15 years was established to stimulate promotion and produce younger officers. These applications of forced attrition, however, had a modest impact in alleviating promotion stagnation and superannuation. Consequently, during World War II, it was necessary to remove significant numbers of operational commanders due to advanced age and ill health. At the same time, many younger officers were promoted to senior grades without the opportunity to gain experience in the middle grades.

In the Officer Personnel Act of 1947 (OPA), Congress and the Services recognized many of these deficiencies and sought to establish a comprehensive officer personnel management system which would incorporate the lessons learned before and during World War II. It would accommodate the integration into the Regular forces of a large number of Reserves, and establish a sound basis for

To insure a viable officer force to meet Defense requirements, careful balance must be maintained between a number of interacting variables which constitute the basic elements of a management system. These variables are: annual procurement, normal attrition, forced attrition, promotion point, promotion opportunity and grade distribution.

career planning for Regular officers. This law provides much of the foundation for today's officer personnel system. It has several features worthy of note:

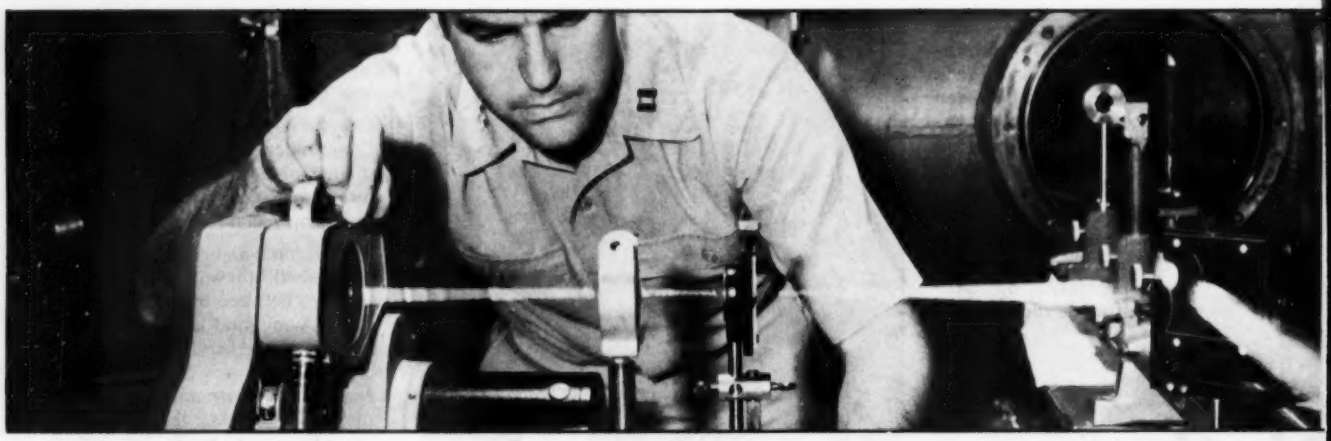
- First, at the time of enactment, Congress envisioned attainment of smaller predominantly all-Regular forces with a 10-year transition period. This has never come to pass.

- Second, as noted earlier, the act established in law certain basic differences between officer management in the Army (and later in the Air Force) on one hand and the Navy and Marine Corps on the other. For example, for permanent promotion of Regular officers, the Navy was provided a fixed grade distribution and normal terms of service (promotion points) for promotion which required significant forced attrition. By contrast, the Army system required that promotion occur not later than specified points in service with a grade distribution not requiring significant forced attrition. Further, both the percentage grade distributions and promotion points were different for the Army and Navy. Consequently, differences in career opportunity for Regular officers were established in law.

- Third, the act provided no limitations on temporary promotions for the Army and Air Force, and the limitations it provided for the Navy and Marine Corps were unrealistically high when applied to the force levels existing during the 1950s.

In the Officer Grade Limitation Act of 1954 (OGLA), Congress supplemented the provisions of the Officer Personnel Act by establishing limitations on the numbers of both Regular and Reserve officers who could serve on active duty in the grades of major/lieutenant commander and above. It thus established control over temporary promotions.

In determining the grade limitations for each Service, the Congress specified lower limitations in the grades of colonel and lieutenant colonel for the recently established Air Force than for the Army and Navy. These lower limitations recognized that, at that time, the Air Force had a relatively young officer force in terms of years of active duty. This restriction served to prevent too many young officers from progressing too quickly to senior grades. In 1954, only



18 percent of the Air Force officers had more than 12 years' service compared to 32 percent within the Army and Navy. Congress recognized that as the Air Force officers matured, the tables would have to be adjusted. It has subsequently passed temporary grade authorizations for the Air Force on six occasions.

At this point I should mention that the current temporary authority for Air Force officer grades expires on September 30 of this year. Separate legislation to extend this authority has been introduced as H. R. 14402 for consideration in the event Congress is unable to enact the new grade limitations contained in this bill prior to September 30.

In 1959, the large number of officers originally commissioned during World War II (the so-called World War II "Hump") was beginning to seriously threaten reasonable promotion opportunity in the Navy and Marine Corps. To cope with this problem, Congress authorized those Services to accelerate forced attrition by the early involuntary retirement of large numbers of lieutenant colonels/commanders and colonels/captains.

In 1960, Congress authorized the Air Force and Army to accelerate the involuntary retirement of lieutenant colonels who had been twice failed of promotion to the next higher grade.

From a review of past legislative actions, it is apparent that Congress has taken many measures to influence the basic elements of the officer management system. It has placed particular emphasis on the establishment of limits on grade distribution and on the authorization for additional forced attrition when necessary to maintain reasonable promotion timing and opportunity.

With this background I would like to turn now to a brief resume of the major provisions of the proposed bill. The principal statutory regulation for officer personnel management will continue to be exercised through the grade distribution authorized by the proposed grade tables. I will discuss these tables in detail, but first I would like to cover the other features of the bill that have been designed to help us operate under the new authorizations as well as to eliminate the inconsistencies that exist between the Services today.

The major features or provisions which I will cover are: the appointment of new officers, the single promotion system, the all-Regular career force, tenure, and mandatory separation and retirement.

With regard to the entry of new officers, the bill provides common general authority for the permanent appointment of officers by the President by and with the advice and consent of the Senate. Temporary appointments to officer status by the President alone, would be permitted in time of war or emergency. Such appointments would terminate when the war or emergency is over. The bill standardizes, between the Services, certain basic qualifications for appointment, such as citizenship and age, while maintaining the authority for each Department to appoint officers into the various categories of professional groups and specialties needed to meet the unique requirements of the individual Services.

The bill also provides guidelines for the granting of service credit to officers for advanced education and other attainments. Service credit or "constructive service" as it is sometimes called is the device whereby an officer being appointed to commissioned status is given an adjusted position on the active-duty list of officers for purposes of determining his grade and seniority in relation to other officers. The bill will introduce uniformity where previously there were differences between the Services by giving the Secretary of Defense authority to prescribe the regulations in this area.

Although temporary appointments will be permitted during war, the now extensive system of temporary promotion authority for officers will be abolished and the bill will provide a single promotion system for each Service to replace the dual temporary/permanent systems presently in effect. Present law provides for a two-step promotion system; that is, to each grade there is an initial temporary promotion which is administered within the ceilings of the Officer Grade Limitation Act, followed by a permanent promotion made under the permanent Regular limits prescribed by the Officer Personnel Act. In the Army and Air Force, law and policy provide for two separate selections for each of these promotions. In the Navy and Marine Corps, the law provides for a single selection for advancement to both temporary grade and permanent grade as vacancies occur under the respective statutory limitations. This bill provides for only one standardized promotion system for each Service, with promotion on a permanent basis as vacancies occur under a single set of statutory grade limitations.

This is consistent with the Total Force

A significant provision of the bill is that the career force, consisting of those officers with more than 11 years of commissioned service will be Regular officers, with few exceptions. Presently most Navy and Marine Corps officers on active duty with more than 11 years commissioned service are Regulars.

Concept and the construction of the new grade limitations in that major expansions will be accomplished for the most part through recall of Reserves, not through the creation of temporary positions, which would be filled by officers promoted from within the peacetime active duty force.

Another significant provision of this bill is that the career force, consisting of those officers with more than 11 years of commissioned service, will be Regular officers, with few exceptions. Presently, most Navy and Marine Corps officers on active duty with more than 11 years commissioned service are Regulars. However, this is not the case in the Army and the Air Force which retain some Reserve officers until they attain 20 years of service and retirement eligibility. Greater individual equity will be achieved if all non-Regular officers (except those involved in organizing, training and administering the Reserve components) are released from active duty or commissioned as Regular officers not later than the completion of 11 years of active commissioned service.

Removal or alteration of existing statutory tenure guarantees is fundamental to an all-Regular career structure if the Services are to remain within prescribed grade limitations, particularly during periods of declining officer strength. These changes are embodied in the new tenure provisions of this bill.

Existing law provides for the mandatory separation or retirement of Regular officers after specified periods of commissioned service, depending upon the grade attained. Statutory tenure for Army and Air Force officers is different from that of Navy and Marine officers. For example, a Navy commander or Marine lieutenant colonel who has twice failed selection to captain or colonel is involuntarily retired after 26 years of commissioned service; an Army or Air Force lieutenant colonel who has likewise twice failed of selection is not involuntarily retired until 28 years of commissioned service. These differences are unwar-

ranted under the conditions which prevail today. Further, guaranteed tenure reduces flexibility in managing losses through forced attrition, and thus limits the Services' ability to reduce the numbers of officers in senior grades during periods of force reduction, other than by retarding or stopping promotion.

This bill provides for the involuntary separation or retirement of officers in the grades of captain or Navy lieutenant and below who twice fail of selection to the next higher grade. The Secretaries of the Military Departments would have the authority to convene boards to consider officers in the grade of major/lieutenant commander and lieutenant colonel/commander for continued active duty after those officers have twice failed of selection. Similar continuation provisions would apply to officers who have served at least four years in the grade of colonel or Navy captain. Officers in these senior grades who are not continued would be involuntarily separated or retired. Separate legislation which would provide for involuntary retirement of lieutenant colonel/commander and colonel/captain has been introduced as H.R. 11113 for consideration separately in the event that there are other provisions of this bill which preclude its early enactment.

The new statutory grade limitations which we are recommending for major and lieutenant commander, lieutenant colonel and commander, and colonel and captain will replace both the permanent Regular limits of the Officer Personnel Act of 1947 and the temporary promotion grade ceilings of the Officer Grade Limitation Act of 1954. We are not recommending statutory control over the lower grades since overall officer strength management requires latitude in managing this group. These new limitations are designed to meet requirements, provide viable career opportunity within each Service, and accomplish reasonably consistent career opportunity among the Services. At the same time, the limitations provide sufficient flexibility to respond to changing manpower levels. Another significant change reflected in these new limitations is that Reserve officers recalled to active duty in emergency situations will not be included in grade limitations for two years following the initial recall. The new grade limitations represent a particularly significant change for the Navy. Currently, Navy restricted line and staff corps officers are not subject to direct grade limitations but are controlled indirectly by their relationship to officers of the unrestricted line. This proposal will place restricted line and staff corps officers (with the exception of physicians and dentists) under direct grade control.

With regard to career opportunity, our approach was to design the grade tables for each Service so that promotion to each grade can occur at reasonably spaced intervals which will maintain a selective flow of officers through the grades with a credible opportunity for advancement. The normal promotion points in years of total commissioned

The Defense Officer Personnel Management Bill makes substantial changes with respect to women officers. Today's laws, particularly for the Navy and Marine Corps, have some significant distinctions in them for promotion and tenure of women officers. The provisions of the new bill relating to appointment, promotion, tenure and retirement will apply equally to both men and women officers.

service on which the grade tables were designed are:

—To first lieutenant or lieutenant junior grade at completion of two years;

—To captain or Navy lieutenant at completion of four years;

—To major or lieutenant commander in the 10th or 11th year;

—To lieutenant colonel or commander in the 16th or 17th year;

—To colonel or Navy captain in the 22nd or 23rd year.

The establishment of promotion point ranges or "windows" for the three senior grades will produce an improved degree of uniformity and still give the Services necessary flexibility in accommodating to differences in current officer inventories, normal attrition, and future increases or decreases in total officer strength levels. I should point out that these promotion points represent a one to two-year delay in most cases from those of recent years.

With regard to the other element of career progression, promotion opportunity, the tables have been designed to produce certain minimum opportunities for advancement for those officers who reach the promotion point to each next higher grade. For example, a promotion opportunity to colonel of 50 percent means that of those lieutenant colonels who achieve 23 years of commissioned service, one-half will be promoted to colonel and one-half will be retired as lieutenant colonels.

The designed minimum opportunities are:

- To first lieutenant or lieutenant junior grade, all officers found qualified;
- To captain or Navy lieutenant, 95 percent;
- To major or lieutenant commander, 80 percent;
- To lieutenant colonel or commander, 70 percent; and,
- To colonel or Navy captain, 50 percent.

Translated into the simplest terms these promotion parameters mean that of 100 officers who enter service as second lieutenants or ensigns and who want to stay, only 18 could advance as far as colonel or Navy captain.

My statement that the limitations were structured to meet requirements and to respond to changing manpower levels needs some elaboration. In the Department's report to Congress on grade limitations submitted last May, we discussed at some length why there can be only a rough relationship between legal grade limitations and the actual number of officers required in each grade to support the particular force structure which may exist at any point in time. Because of their nature to be constantly changing, requirements cannot be projected far enough into the future to be effective in shaping the career officer force for the long term.

Officers are procured and progress through the system in anticipation of their future employment. It will take more than two decades for an officer commissioned today to become colonel or Navy captain. Changes in organization, technology and administration over a period of 20 years will cause unpredictably changing demands for officers in the various grades. For these reasons, in structuring the new grade limitations to meet fluctuating officer strength levels, we have preserved the basic philosophy of the Officer Grade Limitation Act. The OGLA provides that, as the total officer strength in each Service increases, the proportion of senior officers to the total officer strength decreases. And, in reverse, as the total officer strength decreases, the proportion of senior officers increases.

This "sliding scale" principle recognizes that the basic organization of each Service, and consequently the requirements for senior officers, does not vary in direct proportion to total officer strength. We consider the sliding scale remains the best means of combining requirements with the needs for career opportunity.

The Department's report on grade limitations presents a detailed discussion and comparison of the differences between the existing OGLA limitations and the proposed new limitations. There are no radical changes. In the aggregate, the Department has reduced the number of colonels at all officer strength levels. The number of lieutenant colonels are about the same with a slight increase at lower strength levels. This increase is required by design deficiencies in the OGLA tables. For example, three of the Services had lieutenant colonel limitations which, by changing almost proportionally to changes in total officer strength, were disruptive to career opportunity. The new tables reduce the amount of change in authorization for lieutenant colonel as officer strength increases or decreases.

Authorizations for major are increased at all strength levels, also to correct proportional changes in OGLA tables that were disruptive to career opportunity.

COMMANDERS DIGEST

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An Air Force lieutenant sits at his duty station in a Minuteman launch control facility. House Bill 14402 will extend the Air Force's temporary officer grade limitation authority from September 30, 1974 to September 30, 1976.

This defect in OGLA permits excessive promotions as strength levels increase, and causes promotion moratoriums as they decrease. The new tables provide the number of majors required to assure more consistent career opportunity in each of the Services, and also to compensate for the reductions in the higher grades.

The preceding part of the presentation has covered the major features of the bill and the management system which it will support. There are some additional important points I should mention.

First, the bill makes substantial changes with respect to women officers. Today's laws, particularly for the Navy and Marine Corps, have some significant distinctions in them for promotion and tenure of women officers. The provisions of the bill relating to appointment, promotion, tenure and retirement will apply equally to both men and women officers.

Second, there are many changes from current administrative procedures required by this bill which if made abruptly could adversely affect the status of many officers. Therefore, we have included extensive transition provisions in the bill to protect rights and entitlements of officers who are on active duty at the time of its enactment.

Third, implementation of some of the bill's provisions, notably the all-Regular career force, removal of the retirement assurances for majors and lieutenant commanders as well as the grade tables themselves, are dependent upon enactment of the Retirement Modernization Act, H. R. 12505. For example, we do not propose to remove the retirement eligibility assurance now enjoyed by majors and lieutenant commanders until we have the means of compensating them adquately for being severed from service.

Finally, regarding the cost impacts, the proposed officer personnel management system is designed to operate in conjunction with the proposed changes in the retirement system. Viewed in isolation, the bill is not expected to produce substantial near-term reductions in the costs of military manpower. However, cost savings will accrue through the reduction of officers in senior grades, which will affect active duty pay appropriations and hence those qualifying for retirement, which will in turn affect retired pay appropriations.

For the near term, we have determined the potential impact on active duty pay appropriations on the basic assumption that active duty forces would remain at fiscal year 1974 authorized strengths indicated in the President's budget. Although the validity of this assumption cannot be forecast, the use of any other assumption would introduce differences in cost attributable to force fluctuations rather than the legislation.

Based on this assumption, we estimate it would cost about $83 million less in officer pay and allowance appropriations over the next five years to operate under the proposed limitations as compared to operating under the current statutory grade limitations.

In conclusion we would ask that this legislation not be judged on the basis of any single aspect, but in terms of the overall objectives which we believe should be the foundation of officer personnel management in the Military Services. To be successful in these matters, we must achieve a balance between the management interests of the Department of Defense and those personal considerations of the individual officer.

The bill has been developed with the full cooperation and support of the separate Services and represents the personal efforts not only of the Department's top military personnel managers but of the civilian executive level who have brought to the Department their many years of experience in civilian industry. It is a bill that we believe preserves the best of the features in the current system and corrects the major deficiencies in order to meet the challenges of an all volunteer environment and the long range leadership needs of the Defense Department.

We believe that this bill in concert with changes in our retirement system will produce the kind of officer force needed for our national security and assist in arresting the rising trend in manpower costs.

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